



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 27th November 2018

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 30 th November 2018
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-3,058	-16,466
Estimated Excess Reserves before OMO	1,009	-14,104
Estimated Excess Reserves after OMO	0	0
Required Reserves	77,548	77,548

ii. Known Projected Transactions

	Week ending 16 th November 2018	Week ending 23 rd November 2018	Week ending 30 th November 2018	November 2018
Maturity of normal TBs/TNs/PNs	2,504	4,534	9,660	28,135
Maturity of OMO Repos	25,895	4,964	17,130	51,121

Commentary:

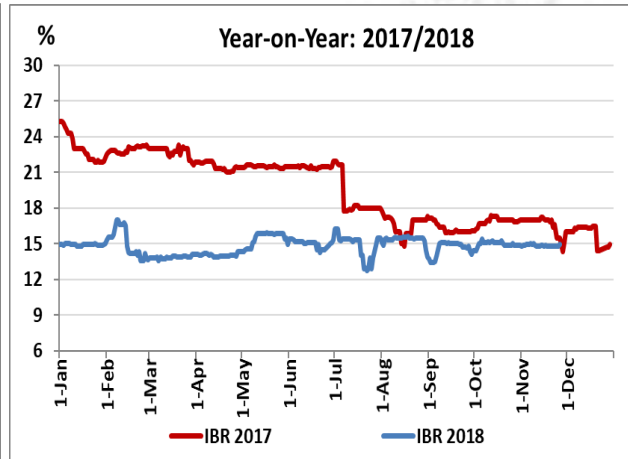
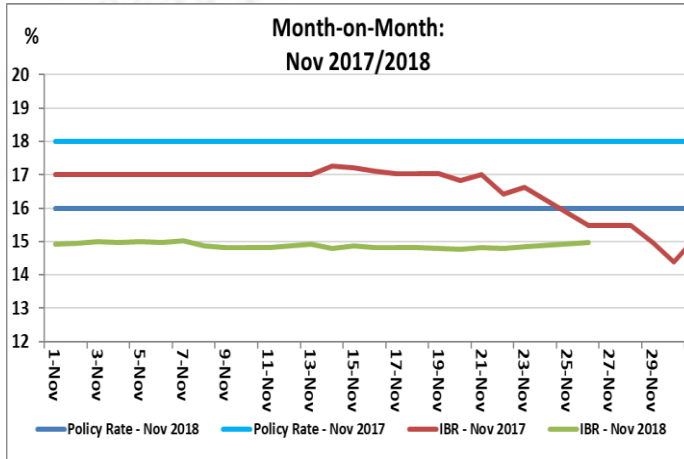
Excess reserves decreased to K4.07 billion on Monday, 26th November 2018, from K10.12 billion recorded on Friday, 23rd November 2018.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume (Mk'mn)	Average rate (%)
O/N	3,755	14.96
4 days	3,000	15.50
(b) RBM Open market operations		
(i) Repos		
O/N	-	-
7 days	-	-
14 days	-	-
31 days	-	-
60 days	-	-
91 days	-	-
150 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	5,585	18.00

Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market decreased to K3.76 billion on Monday, 26th November 2018, from K6.92 billion on Friday, 23rd November 2018.
- The overnight interbank market rate (IBR) increased by 12 basis points (bps) to 14.96 percent on 26th November 2018, from 14.84 percent on 23rd November 2018.
- A total of K5.89 billion was accessed from the Lombard Facility on Monday, 26th November 2018.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

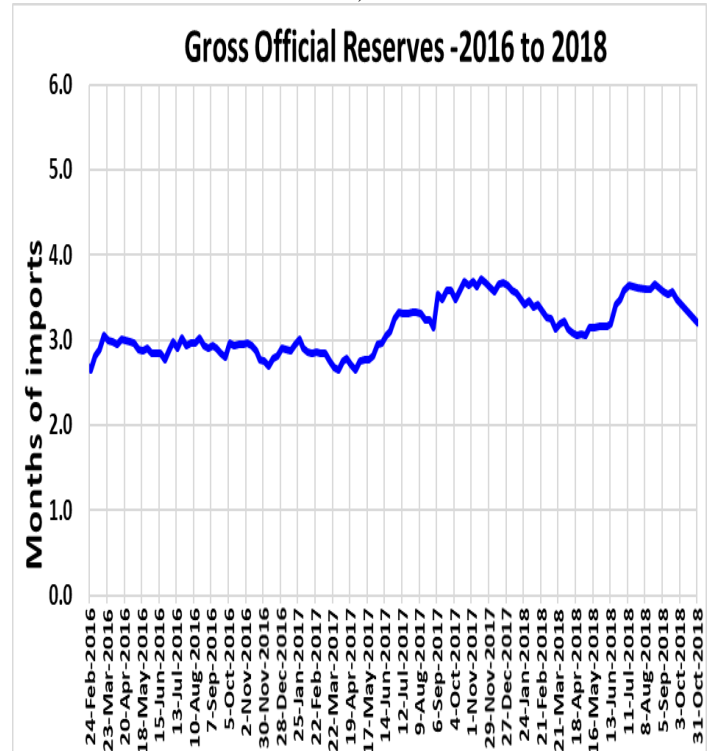
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
31 st May 2018	662.21	3.17
29 th June 2018	728.10	3.48
31 st July 2018	754.23	3.61
31 st Aug 2018	753.52	3.61
28 th Sep 2018	727.63	3.48
31 st Oct 2018	669.92	3.20

* US\$209.0 million per month is used in this calculation

Commentary:

- Gross official reserves decreased during October 2018 to \$669.92 million (3.20 months of imports) from \$727.63 million (3.48 months of imports) at the end of the preceding month.



ii. Private Sector Foreign Exchange Reserves

(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date (US\$ mn)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
31 st July 2018	1.87	336.61	338.48	1.62
31 st Aug 2018	-9.18	341.24	332.06	1.59
28 th Sep 2018	0.80	318.43	319.23	1.53
31 st Oct 2018	0.80	328.43	329.23	1.58

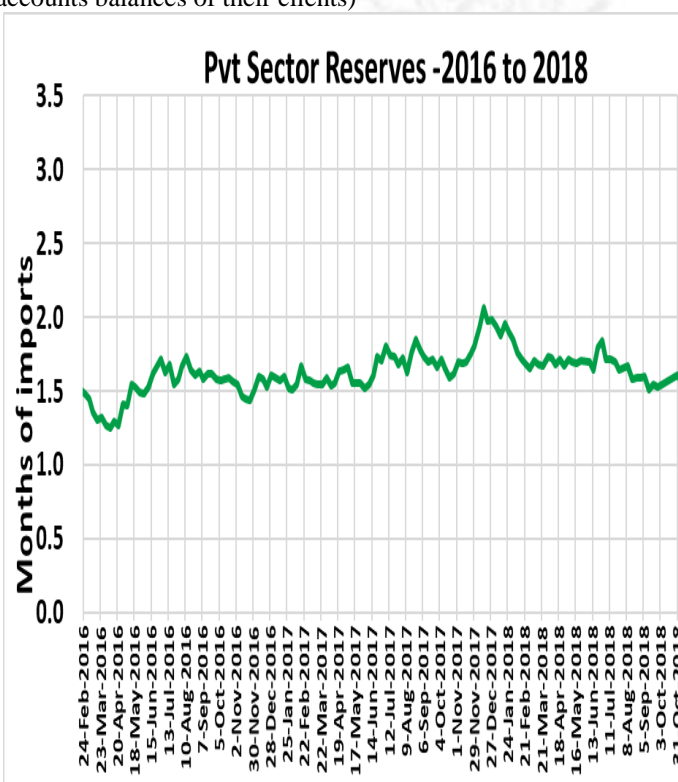
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
9 th Nov 2018	43.10	43.29
16 th Nov 2018	36.18	40.03
23 rd Nov 2018	54.73	47.17
On 26 th Nov 2018	5.43	8.93

Commentary:

- ADB's FX trading increased during the week ending 23rd November 2018 compared to the previous week. ADBs purchased a total of US\$54.73 million from the market and sold a total of US\$47.17 million during the week. On Monday, 26th November 2018, ADBs purchased US\$5.43 million from the market and sold US\$8.93 million.

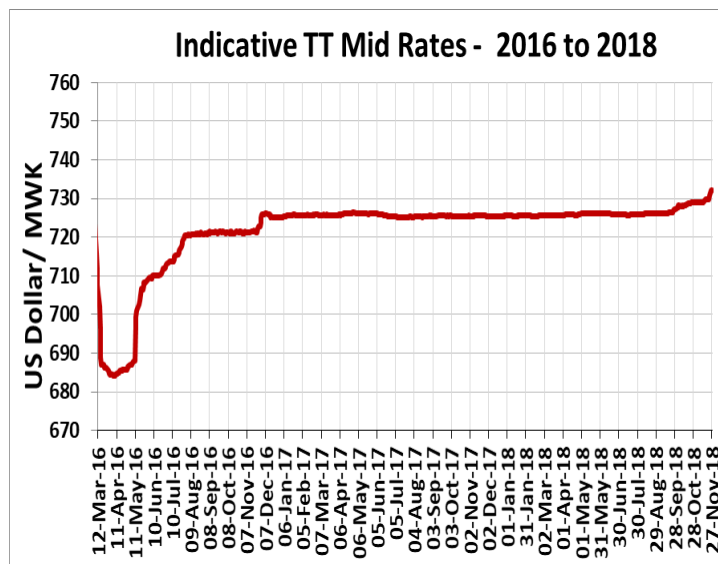
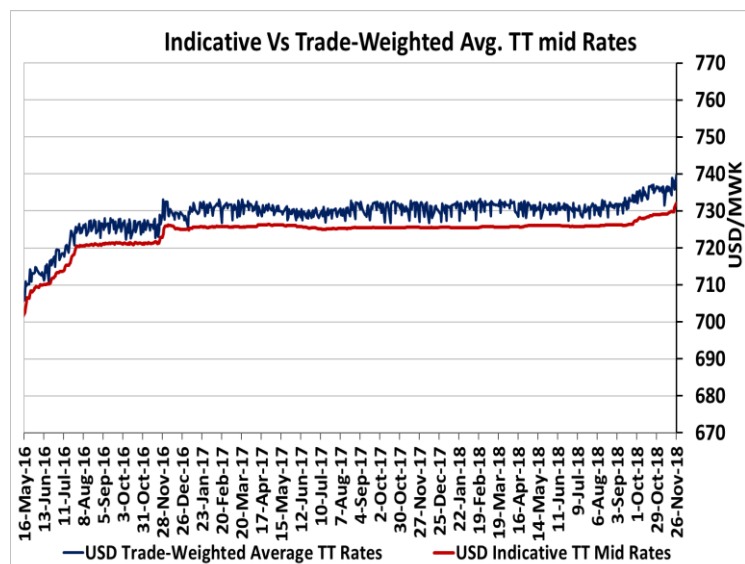


iii. Exchange Rate Developments

	20 th Nov 2018	21 st Nov 2018	22 nd Nov 2018	23 rd Nov 2018	26 th Nov 2018	Today's indicative Rates
MWK/USD	738.9037	738.1112	738.0871	735.8780	739.8892	732.1013
MWK/GBP	946.3008	936.6210	945.6632	944.5353	945.0337	938.4074
MWK/EUR	840.0416	832.3130	838.2507	839.7005	839.1171	830.2029
MWK/ZAR	52.1052	26.5425	53.0327	53.3630	54.0792	52.7584

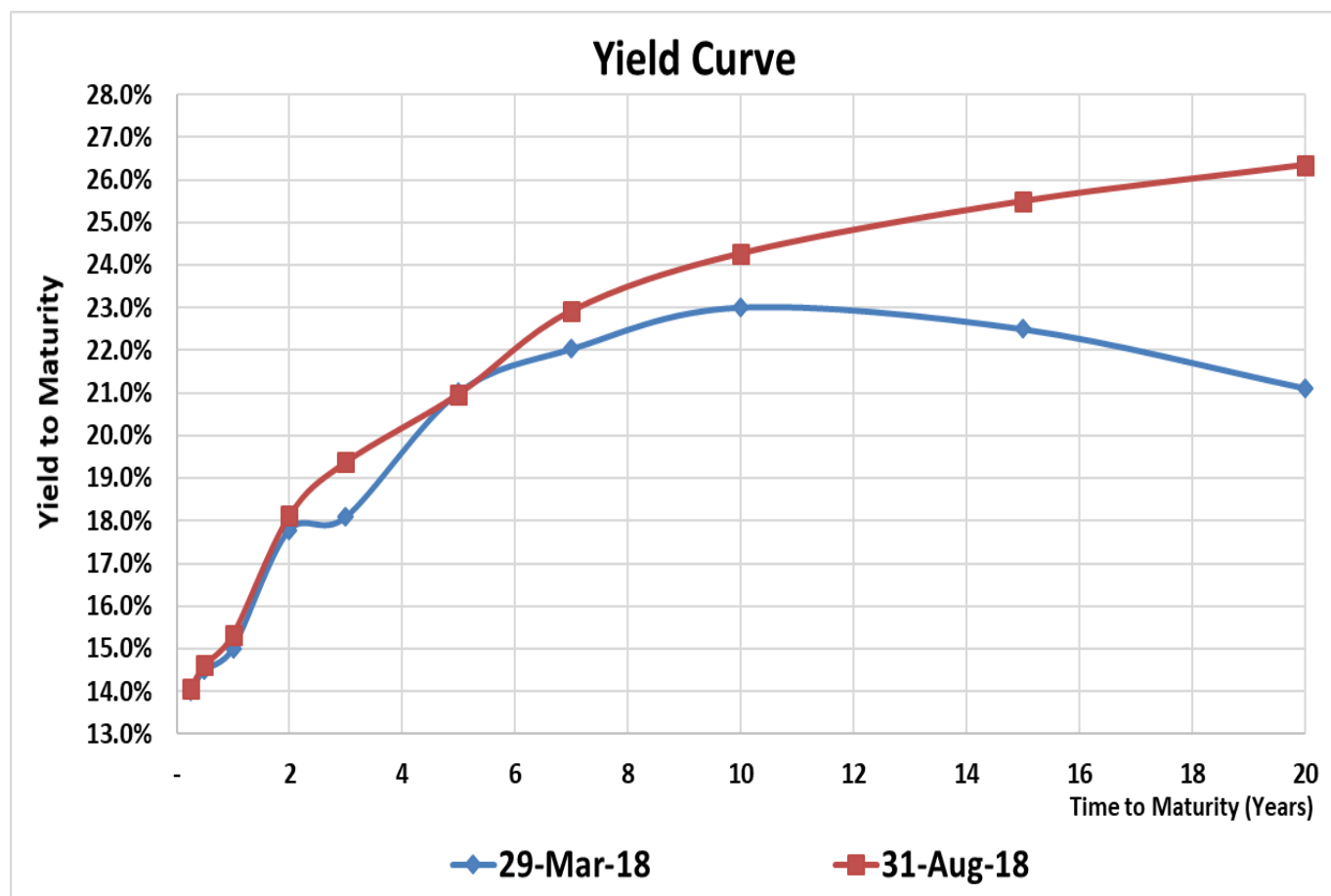
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Tuesday, 26th November 2018, the Kwacha depreciated against the USD, the GBP and the ZAR but gained value against the EUR. Indicatively, the local currency is expected to be trading at 732.1013 per US Dollar, today 27th November 2018.



D. INDICATIVE YIELD CURVE FOR GOVERNMENT SECURITIES (Based on Market Consensus)

Tenor	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year
12 th October 2017	13.22%	14.20%	14.80%	16.06%	19.04%	21.12%	22.20%	22.46%	23.35%	24.41%
9 th November 2017	14.32%	14.79%	14.73%	17.03%	19.04%	20.56%	20.79%	21.12%	20.60%	21.07%
23 rd November 2017	14.44%	14.75%	16.00%	19.18%	20.06%	20.64%	21.09%	21.16%	22.58%	22.44%
14 th December 2017	14.93%	15.50%	16.00%	17.21%	18.61%	20.71%	21.43%	22.45%	23.91%	25.17%
11 th January 2018	14.00%	14.50%	15.00%	17.02%	19.24%	22.02%	22.51%	23.00%	23.64%	24.07%
8 th February 2018	13.91%	14.50%	15.00%	17.79%	20.00%	23.01%	23.54%	24.01%	24.51%	25.12%
22 nd February 2018	14.00%	14.50%	15.00%	17.79%	18.53%	23.01%	23.54%	24.01%	24.51%	25.12%
29 th March 2018	14.00%	14.50%	15.00%	17.79%	18.09%	21.01%	22.04%	23.01%	22.51%	21.12%
31 st August 2018	14.06%	14.63%	15.33%	18.11%	19.38%	20.98%	22.93%	24.28%	25.50%	26.35%
31 Aug – 29 Mar 2018 Change in Yield (Bp)	7	13	33	32	129	(4)	89	126	299	523



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